FOREIGN AGRICULTURE

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Anniversary Issue

20 Years of service

in reporting World Agriculture to the United States

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

VOL. XXI . . No. 1 . . JANUARY 1957

To report and interpret world agricultural developments.

20 Years of Service To U. S. Agriculture

With this issue, *Foreign Agriculture* marks 20 years of reporting and interpreting world agricultural developments.

We have attempted in this issue to do the almost impossible job of reviewing two decades of fast-moving world events and their effect on our own and other nations' agriculture. As Shakespeare said of another period of history, these have been "most brisk and giddy-paced years."

There are similarities between 1937 and 1957, of course. Soviet agrarian policy has long posed a problem for the Free World. In our January 1937 issue, Lazar Volin reported on "Russian agriculture," and in this January 1957 issue he brings the report up to date.

But 20 years have wrought great changes, too, as the titles listed to the right indicate.

"Time Changes Trade" says Gwynn Garnett in his article. The world's farmers are producing more, says another writer. The United States in recent years, has become an important exporter of new products and we face new world market competition, say other contributors.

Let us fervently hope that the next 20 years will have a stability unknown to these past troubled decades. Regardless of the nature of world agricultural events, however, we hope to report them faithfully as a continuing service to U.S. agriculture.

In This Issue

	Page
Twenty Historic Years, 1937-1957	3
Time Changes Trade	4
How the World's Farmers Produce More	6
Flaxseed: An Import in 1936, An Export in 1956	8
Twenty Years of Soviet Agrarian Policy	9
What's Been Happening in Latin America	11
Twenty Years of Service As An Agricultural Attache	13
Four Big U.S. Competitors in the World Market	15
Japan Girds for Economic Expansion	16
The Versatile Soybean Has Become the United States Fourth-Ranking Farm Export	18
Grain Sorghums Rank High As Export Crop	19
World War II Made Rice Big Business in the U.S.	20
Trading Post	23

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Twenty Historic Years

1937–1957

Two decades that changed the map of the world, altered the pattern of agriculture, shifted international trade, and transformed our daily lives.

UNDOUBTEDLY, the most significant thing that has happened in these 20 years was the invention, use, and stockpiling of the atomic bomb. Because of man's splitting the atom, new balances of power have been created and an uneasy peace maintained. But significant too are the wars that have been fought almost continuously during this 20-year span, the political division of the world into two great camps, the emergence of underdeveloped nations, and the new social concept of mutual progress in a free world.

NO COSTLIER WARS, nor more destructive, were ever waged than during this period. In 1937 the Spanish Civil War was dragging through its second year. In 1938 Hitler seized Austria and dismembered Czechoslovakia and, by the end of 1939, all Europe was embroiled in World War II, with the United States coming in after the Japanese attack on Pearl Harbor. Before the war ended in 1945, four-fifths of the people in the world had been involved, over 22 million persons had been killed, and the staggering cost had reached $1,154 billion for armaments and $230 billion in property damage. Yet despite this terrific holocaust the world did not settle down to peace; hardly a month has passed without fighting in some corner of the world.

THE POLITICAL DIVISION of the world into two great camps—the Communist World and the Free World—may have even greater meaning for future historians than the wars, devastating as they were. As early as March 1946, when Winston Churchill in his Fulton speech coined the term "iron curtain," the Allied partnership of World War II was breaking up and the Eastern European countries were being swept into the Communist camp. After Mao Tse-tung joined forces with the USSR in 1950, Communist thinking dominated more than a third of the world's people. And simultaneously with the drawing of the curtain, the "cold war" started.

THE EMERGENCE OF UNDERDEVELOPED COUNTRIES has radically affected the economy of the world in all facets—agriculture, industry, trade. Striving for a higher standard of living, these nations have developed their industries, boosted their food production, and, through new alliances, shattered the prewar pattern of trade. The political implications are great too. Before the war many of these countries were Asian and Middle East colonies or protectorates. Having gained their independence, they are now in a position to influence world affairs. Thus, these 20 years may even be, as some analysts claim, the beginning of a third world power, neither East nor West, but Asian.

THE CONCEPT OF MUTUAL PROGRESS in a free world was being forged in the late Thirties, but it remained for the postwar world to formulate it. When the United Nations was organized in 1946, its charter carefully spelled out the responsibilities of one nation toward another in such phrases as "to practice tolerance and live together in peace with one another as good neighbors." If the world has fallen short of this ideal, it is not because it did not believe in it. The Marshall Plan helped put Europe on its feet again. The Point Four Program and the Colombo Plan aided underdeveloped countries with money and technical assistance. The European Coal-Steel Pool unraveled one of the troubled economies of Europe. To minimize man's efforts to share with his neighbor is to miss one of the most salient features of this era.

TODAY'S WORLD IS PHYSICALLY DIFFERENT from the world of 1937. Our houses are different, our automobiles, our airplanes. But these are merely surface mutations. The real change stems from those events that will go down in history. They have altered our social, political, and economic attitudes. They have reshaped our industry, agriculture, and trade. On agricultural trade particularly they have left indelible marks, as explained in the article starting on the next page, Time Changes Trade.

Time Changes Trade

By GWYNN GARNETT
Administrator, Foreign Agricultural Service

WORLD EVENTS, during these past 20 years, have radically altered patterns of world agricultural trade.

The total volume of farm products moving in world trade is up some 10 to 15 percent. Several countries have shifted from being agricultural exporters to being agricultural importers. Others have greatly expanded their agricultural exports. Trading partnerships have changed. And methods of doing business have changed.

From 1937 to 1957, a great number of historic events have affected world agriculture. Four great developments have had and will continue to have far-reaching significance for U.S. agriculture.

- The Second World War.
- Division of the world between free and Communist nations.
- Universal demand for better living.
- A new concept of mutual progress.

Since the United States is the world's largest trader in agricultural products, as might be expected our agriculture has felt the strong impact of these forces.

World War II

The Second World War totally disrupted the world's agricultural trade. Patterns of trade took new shape as they were reknit after the war. Two former enemy countries—Japan and Germany—have emerged among the five best customers for American farm products.

World War II ended nearly 12 years ago, but our agriculture still is feeling its effects. Chief of these is the problem of United States farm surpluses, with their depressing influence on the production and marketing of our agricultural products.

To understand our surplus problem, we need to start with the fact that American agriculture in the space of a very few wartime years expanded its farm output more than 25 percent.

After the war's end, foreign agriculture began to recover and expand. There was less foreign demand for U.S. farm products. But our accelerated farm production was found difficult to slow down. American farmers were set up for high-level production. Wartime incentive prices were unwisely continued as peacetime price-support programs. By 1952, surpluses had become a real problem. Under the pressure of surpluses, the government, the U.S. trade, and U.S. agriculture in general began to undertake market development efforts—both domestic and foreign—which otherwise might never have come or might have come much later. This has been an important change.

It has taken a long time, but our agriculture finally is on the way to getting its house in order. Through the Soil Bank and flexible price-support programs, production is being adjusted to more realistic levels, and through domestic and foreign marketing programs, additional outlets are being found. Our agricultural exports this current marketing year are expected to set new records in volume and value. However, as an agricultural economy with a private enterprise ideal, we are concerned that postwar adjustment has led to greater dependence on government assistance. Nevertheless, today's efforts to expand overseas markets for our farm products, resulting from the pressure of postwar surpluses, will probably have an enduring effect upon U.S. agriculture's place in world trade and foreign policy.

A World Divided

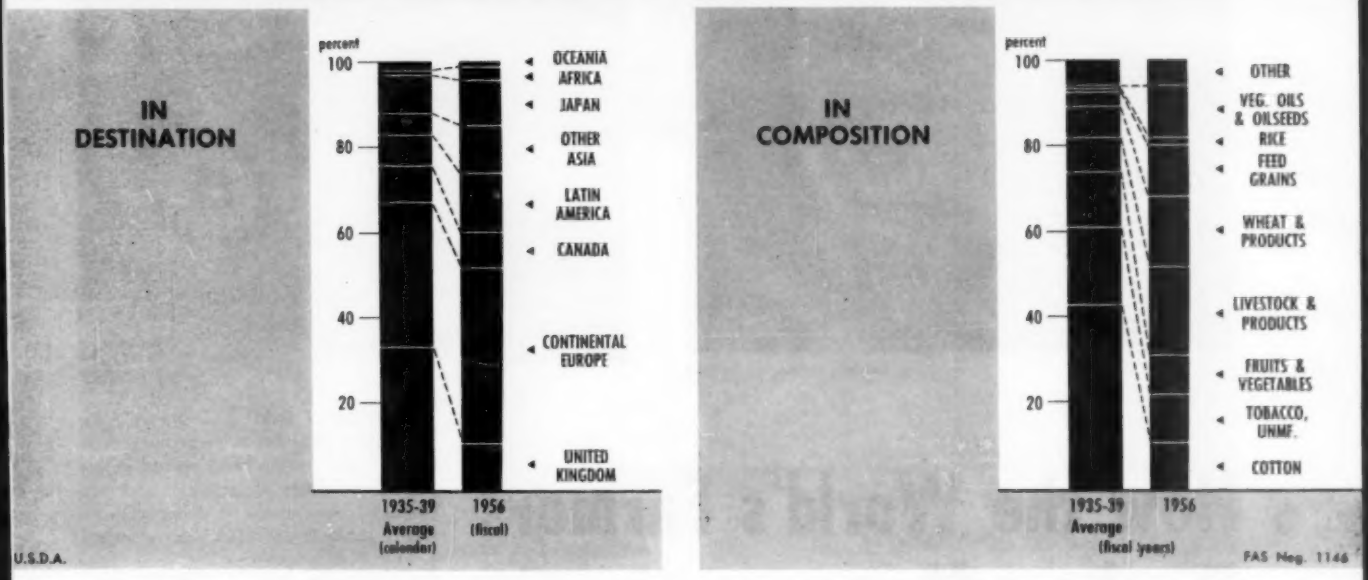
Early in 1946, Western nations awakened to the fact that Soviet Russia had effectively insulated Eastern Europe behind an "iron curtain." Three years later, Mao Tse-tung set up an equally insulated Red China behind a "bamboo curtain." This gigantic take-over by world communism meant, in total, that about one-third of the world's people were cut off from full participation in world trade.

Prior to the war, Eastern Europe was an important agricultural area and annually traded up to 7 million tons of feed grains and large amounts of animal products for Western Europe's industrial products. But today the satellite area produces less farm products than it consumes. Farmers of Eastern Europe have not taken to socialization, and agricultural output has not returned to prewar levels. As was reported in *Foreign Agriculture* last month, Eastern Europe's net imports last year included 3 million to 4 million tons of grain, substantial quantities of fats and oils, and a little processed milk. This year, the area is likely to import even more farm products and export less of them than it did the previous year.

In recent years, trade behind the Iron Curtain has become largely an internal matter. The Soviet Union is the big trading partner of its satellites.

China, before communization, also was an important agricultural exporter, especially of soybeans and egg products. The new Red China is developing a socialized agriculture and trying to boost output, but for some crops yields per acre are apparently below those of prewar private farming. The United States

U.S. AGRICULTURAL EXPORTS HAVE CHANGED — —



has embargoed all trade with Red China, but China trades actively with some other Free World countries, including Japan, especially in exports of rice and soybeans. Many agricultural exports that previously went to Free World countries now are being traded with Soviet Russia and the European satellites.

World Development

Historians probably will say that one of the most significant events of the 1937-57 period has been the world's awakening to progress and development. Certainly this is proving to be a primary factor in world agricultural trade.

New nations have found independence — including Burma, India, Indonesia, Israel, Jordan, Korea, Lebanon, Morocco, Pakistan, Philippine Republic, Sudan, Syria, and Tunisia. Long-established trading habits with mother countries frequently have been changed.

Across the world, nations are ambitious to develop their economies. Many of them are expanding their production and exportation of cash crops as a means of paying for industrial development. Cotton is an outstanding example. An increased amount of cotton enters the world market today from the Near East, Mexico, Central and South America, and Africa, in competition with U.S. cotton.

Countries have expanded agricultural production, also, to achieve greater self-sufficiency and conserve exchange. Mexico is a good example. Mexico was once a big market for wheat, corn, and beans from the United States. Today it is practically self-sufficient in wheat and in corn, and is a net exporter of beans. Also, it has sharply expanded its production of cotton for export.

With economic development and improving living standards have come changes in commodity emphasis. Striking increases have come about in U.S. exports of vegetable oils and seeds, feed grains, and livestock products. These are export items that are associated with better living and are an especially important part of our trade with Western Europe—which, by the way, has about doubled its farm import volume from the United States since the immediate prewar period.

A key to expanded production and trade of agricultural products is technology. As pointed out in another article in this issue, "How the World's Farmers Produce More," the world's farmers today are producing 20 percent more food and fiber than prewar, largely owing to greater use of mechanization, fertilizers, irrigation, and reclamation.

Despite the substantial increases in agricultural production, however, the world's families are expanding faster than their food supply. The world's population is estimated today at 2.7 billion, or 23 percent above prewar, as compared with the 20-percent increase in agriculture. The greatest increases in population, with the smallest increase in agricultural production, are in the Far Eastern and South Asian areas, which contain half the world's people. If these areas can find the purchasing power they are capable of absorbing increasing amounts of farm products from Western producers, including the United States.

Mutual Progress

These past 20 years have seen the growth and development in the Free World of a practical concept of mutual progress. This is both a philosophical and a businesslike

(Continued on page 22)

Arabian-American Oil Company

Australian Embassy

Left, irrigated field in Saudi Arabia; *right,* lime spreader in Australia. Farmers in many areas have raised yields with greater use of fertilizer and machinery. And those in other areas—where labor is abundant—have upped output with irrigation.

How the World's Farmers Produce More

By Wilhelm Anderson
Foreign Agricultural Analysis Division
Foreign Agricultural Service

THE WORLD'S FARMERS today are producing 20 percent more food and agricultural products than 20 years ago, an increase nearly as great as the increase in the world's population during the same period. This record has been achieved despite the damage and dislocations of the war years.

These years brought not only widespread devastation but grave shortages of input materials and labor. As a consequence, agricultural production fell considerably in Europe, the Soviet Union, North Africa, and the Far East. On the other hand, production in North America and some other areas not directly touched by the war increased a third over what it had been in prewar years. Thus total world agricultural production in 1946-47 stood at about 92 percent of the level 10 years earlier. During the 10 years that have followed World War II, farm production has recovered much faster than it did after World War I, and the beginning of 1957 finds per capita output above prewar in many areas of the world. In Western Asia, for example, per capita production in 1956-57 is estimated at 16 percent above prewar, in Canada at 11 percent, in Western Europe and the United States at 10 percent, and in Africa at 9 percent. In most Latin American countries, increases in production have even exceeded the rapid growth in population. In most of the Communist areas, agricultural production has lagged, as it has in Argentina, Egypt, and some of the Far Eastern countries where new governments have not yet solved all the problems of economic and political organization.

Throughout the underdeveloped areas of the world the period 1937-56 witnessed the rise of nationalism, the creation of many independent sovereign states, and a great urge for the mobilization of resources for agricultural and industrial development. This tendency has perhaps been most marked in the past 10 years, especially the last 5. In some cases it is just beginning to give rise to organized programs for agricultural development. In others, however, such programs have been under way since the end of World War II. They have been accompanied in varying degrees by governmental measures like price supports for the principal agricultural commodities, subsidies for fertilizers, tax adjustments, and marketing boards.

Governments in most of Latin America, the Far East, Western Asia, and North Africa have set up extension services to assist farmers with their production problems, and governments in the more developed countries have further strengthened these services. In most of the underdeveloped countries, however, extension programs have not operated long enough to be a substantial factor in increasing production.

In agricultural research, both developed and underdeveloped countries have done much. Many of the latter have established new experi-

Changes In World Agriculture 1936-57

	Acreage Percent	Production Percent
WHEAT		
WORLD	+14	+23
NORTH AMERICA	−12	+40
RICE		
WORLD	+15	+22
ASIA	+14	+21
CORN		
WORLD	+18	+37
NORTH AMERICA	−10	+49
COTTON		
WORLD	0	+23
NORTH AMERICA	−36	+14
TOBACCO		
WORLD	+21	+29
NORTH AMERICA	−6	+50
CITRUS FRUIT		
WORLD		+64
NORTH AMERICA		+87
MEDITERRANEAN		+64
SOUTH AMERICA		+21

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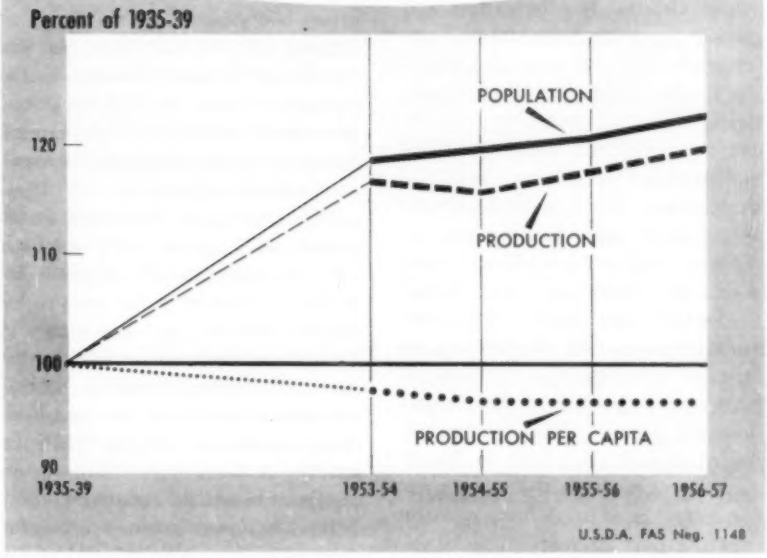
World Agricultural Output Lags Behind Population Growth



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AGRICULTURAL PRODUCTION BY REGIONS[1] 1954-55 TO 1956-57

[Index numbers 1935-39=100]

Country or region	Total			Per capita[2]		
	1954-55	1955-56	1956-57[3]	1954-55	1955-56	1956-57[3]
Canada	117	150	160	85	106	110
United States	139	144	147	108	111	111
Latin America	141	140	144	98	96	97
Western Europe	127	127	127	111	110	110
West Asia	151	158	169	110	112	116
Africa	143	142	143	112	110	109
Far East	121	122	124	95	95	95
Oceania	126	133	131	96	98	96
Communist Bloc	101	103	107	89	89	91
World	116	118	120	97	97	97
Free World countries	122	125	126	100	101	100

[1] The above indices provide a rough measure of annual changes in volume of agricultural production, weighted by constant prices, but should not be used to measure changes in availabilities for local consumption; they do not allow for imports, exports, or year-end stock changes. [2] Uses population estimates somewhat higher for recent years than those previously used. [3] Preliminary.

ment stations or rebuilt old ones. These undertakings, recent in origin, are likely to pay off increasingly in the years to come.

Notable progress has been achieved in agricultural technology and the better utilization of the physical resources of agriculture. This progress has been accompanied by very considerable reductions in the farm labor force in Europe, North America, Oceania, and the Soviet Union. The progress is perhaps most marked in Western Europe, where in the course of 10 years the index of agricultural production has risen nearly 50 points from the low of 1945-46. Similar progress is evident in most of North America. These two areas of the world account for some 83 percent of total chemical fertilizer consumption. In 1956 the world consumed an estimated 18.8 million metric tons of nitrogen, phosphoric acid, and potash (K_2O). Of this total, Europe consumed 9.3 million tons, North and Central America 6.1 million tons, Asia nearly 2 million tons, and South America, Africa, and Oceania the remainder. The underdeveloped areas of the world generally evidence very low fertilizer utilization and correspondingly low yields.

Agricultural mechanization, perhaps best reflected by tractor numbers in agricultural use, has made progress too. In 1938-39 the world had 2.6 million tractors, of which North America had 1.7 million, the Soviet Union 500,000, Europe 300,000, and the rest of the world 100,000. By 1955 the world total had risen to 7.6 million, distributed as follows: Europe, nearly 2 million; North and Central America, 5 million; South America, 158,000;

Asia, 70,000; Africa, 152,000; and Oceania, 270,000.

Greatly increased mechanization and fertilizer use have marked agricultural development in Europe, North America, Oceania, and the Soviet Union. But irrigation and land reclamation have claimed major attention in most other parts of the world, where the labor supply is abundant or excessive. Significant progress in irrigation and reclamation has been achieved throughout the underdeveloped areas, with India outstanding.

Great and good work has been done in improving seed stocks throughout the world, but their multiplication and distribution to farmers have lagged badly in many places and especially in the underdeveloped areas. The widespread use of hybrid seed corn in North America is perhaps the most notable example of seed improvement over the past 20 years.

During the last half of our 20-year period, especially the last 5 years, increasing attention has gone to health and sanitation services throughout the underdeveloped areas of the world. India, for example, broadened its extension program to include services for community development, including educational, health, and sanitation services to the farm people. All such measures are now operating to reduce infant mortality, increase the average individual's life span, and thereby increase the annual rate of population growth.

But agricultural production will need to be greatly increased if these larger numbers of people are to be adequately fed and clothed. In vast areas, prewar food intake was very low, and famine came again and again. Better living standards than these should be envisaged in considering the world's future needs of food and fiber.

For each of the past 3 years, the index of per capita agricultural production has stood at 97 percent of prewar; the food production index is 1 percent below the index of total agricultural output. Despite the so-called surplus foodgrains stored in various areas of the world including North America, the world's production of food is not keeping pace with its production of people. It would appear that in the Far East especially, the teeming millions are eating less than they did before the war. This condition is likely to continue and worsen as the years go by, unless the countries of the Far East can either greatly accelerate their agricultural development or industrialize fast enough to obtain the foreign exchange for increased food imports. For in the Far East the daily and ever-present problem of men and governments is the adequacy of the food supply—and here live more than half the world's people.

FLAXSEED, An Import in 1936 An Export in 1956

Flaxseed, one of the earliest crops grown and exported by the American Colonies, in the last 20 years has completely reversed its position in U.S. agricultural trade. In 1936 the United States was a net importer of flaxseed. By 1956, this country had become a net flaxseed exporter.

Flax growing in the United States started, as it did in most countries, with the cultivation of the plant for its fiber. Brought to this country by English colonists, flax was grown in Massachusetts as early as 1630. From the New England States its cultivation spread into New York and New Jersey, where up until the 1850's the spinning and weaving of linen was an important household industry.

Flax, however, is raised either for fiber or seed, and by the end of the Revolutionary War flaxseed was not only being exported but the manufacture of linseed oil had started. So great was the demand for this oil, both for medicinal purposes and as a drying agent in paints and varnishes, that in 1838 the United States imported from Russia its first cargo of flaxseed. India also became an important source, and later Argentina. But during World War II supplies from Argentina were unreliable, so by means of high price supports the United States boosted its own flaxseed production—and incidentally, during this period, supplied large quantities of oil to Russia for food.

Through this expanded production of World War II, the United States reversed its role from importer to exporter. In 1935, for example, the United States was raising around 15 million bushels of flaxseed a year, importing 15 million bushels, and exporting none. Twenty years later production had jumped to 41 million bushels, imports had been eliminated, and exports had mounted to 18 million bushels.

What the future of flaxseed will be is uncertain. Though flax is one of the oldest plants known to man—Swiss Stone Age lake dwellers are believed to have cultivated it—the industrial importance of flaxseed is diminishing. In paints, linseed oil is being replaced by soybean oil and synthetics—except for making exterior house paint, which is its chief use today. Its place in medicines is small.

It's even possible that this coming year will not be particularly good for flaxseed growers. Large exports in the 1953 and 1954 crop years were from CCC stocks at prices below domestic market levels. Exports from the 1955 crop were partly from CCC stocks, and partly commercial, because of a world scarcity which shot prices up above support levels. For the 1956 crop the situation has changed. Both Canada and Argentina have sharply increased production over the previous year—and this, combined with decreasing demand, may reduce the dollar value of exports from the $65 million of last year. However, if international tensions continue strong, demand by importing countries to build up reserves could result in sizable U.S. exports.

Twenty Years of

Soviet Agrarian Policy

By LAZAR VOLIN
Foreign Agricultural Analysis Division
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For *Foreign Agriculture's* first issue, Lazar Volin—then, as now, with FAS—reviewed Soviet agricultural developments. Below, he sketches the changes in Soviet farm policy since that time.

IN THE PAST 20 YEARS Soviet agrarian policy has swung back and forth—from intensified collectivism to limited concessions to peasants.

Twenty years ago Russian agriculture was slowly recovering from the worst effects of the crisis into which it had been plunged by the ruthless and swift agricultural collectivization policy of Stalin and his associates. The situation had proved to be diametrically opposite to the expectations of the Kremlin that collectivized agriculture, because of its supposed superior efficiency, would rapidly increase production and promise a more abundant life for the people. During the early years of collectivization, many of the best farmers had been forced from the land, livestock numbers catastrophically reduced, crop production cut, farm-practice standards lowered, and government exactions unabatedly high. All this resulted in famine.

Policy Softened

To overcome this crisis, the Soviets softened their tough agrarian policy somewhat; concessions to the peasants' individualism were decided upon in order to win their cooperation. This policy shift was reflected primarily in a more tolerant attitude toward private farming by peasant members of the collectives on their kitchen garden plots, particularly in encouraging private livestock raising and allowing collectives and their members to do some private trading.

At the same time, the basic framework of collective and state farming remained unchanged and the peasant was still the residual claimant to the collective income. Government control in practice was not measurably relaxed, despite the theoretical affirmation of self-government in the model charter of the Kolkhoz (collective farm) approved by the Kremlin. However, gigantism was officially frowned upon and some subdivision of the exceedingly large farm units took place. Also emphasis was placed on improving crop yields rather than expanding acreage.

During this period, urgently needed mechanization of the heavier field operations was pushed, to replace the animal draft power lost during collectivization.

During this period, too, state exactions of agricultural products at low fixed prices continued high. But Soviet Russia was far from regaining its pre-World War I leading position in the world grain trade. Exports of five principal grains (wheat, rye, barley, oats, and corn) averaged 1.1 million short tons during 1934-35 to 1937-38—small indeed when compared with the shipments that averaged 12 million tons in the 5 years preceding the first war.

Collectivism Intensified

The very success and the attachment of collectivized peasants to their revitalized small private "an acre and a cow" farming (which, according to Soviet estimates, accounted for more than a fifth of the gross agricultural production in 1938), made it a thorn in the side of the Kremlin. It feared the competition of the private sector with the collective farm economy. Accordingly, Soviet policy, by the end of the 1930's, veered again toward restriction of small private farming and a more intensified collectivism.

Softened Policy Again

Then came Russia's participation in World War II, and a partial swing back toward liberality. Soviet agriculture suffered severely during the war. In addition to shortages of manpower, equipment, and fertilizer, some of the most important agricultural surplus-producing regions were occupied.

A sizable drop in production ensued, even in the unoccupied area, and a very tight food situation developed. In the extensive occupied area collective farming was disintegrating. And, while there had been no formal change in the collectivization policy in the unoccupied area, the private sector expanded in response to the acute food needs, which the government rationing system could not meet.

Collectivism Once More

At the end of the war private farming was again curbed. The policy of intensive collectivism was resumed in the Soviet area reconquered from the Germans and speedily extended to the annexed western regions.

Agricultural recovery after the war lagged considerably behind industrial recovery. According to official data, agricultural production in 1952 (a fairly good crop year) was only 10 percent above 1940, and even that figure may be an overstatement. Industrial production more than doubled during the same period. A highly important factor in this situation was that the Soviet economic policy continued to be one of overriding emphasis on developing heavy industry and neglecting light industries producing consumer goods,

which are so important in providing incentives to the farmers. As a result the Soviet Union had at the end of 1955, for instance, 844,000 tractors. (The United States had 4,450,000 that year, despite its considerably smaller acreage.)

To expand agricultural production, which was the avowed objective of the Stalin regime, major reliance was placed upon the driving power and squeezing tactics of intensified collectivism. This was coupled with a curious faith in a pseudo-science (of which Lysenko was a notorious representative), promising spectacular, almost miraculous results in increasing yields. Much of what passed for the "new agro-technique" and the famous Stalin plan of reconstruction of nature was based on such pseudo-science or misapplication of sound scientific principles.

Supercollectives Created

The crowning manifestation of intensive collectivism under Stalin was a campaign beginning in 1950 and spearheaded by Khrushchev to create supercollectives by merging and enlarging the existing collective farms, thus widening the gap between management and the rank and file membership. The campaign was carried out throughout the country in regions with most diverse natural and economic conditions, and in those where farms were already large as well as where they were small.

As a result, the number of collectives was more than cut in half, decreasing from over 250,000 at the beginning of 1950 to less than 90,000 in 1955. The average sown area per collective farm in 1955 was 4,200 acres—or nearly 3½ times larger than in the prewar period.

The legacy that Stalin left was a weak agriculture and a low standard of living, though it had not reached crisis proportions as during the famine years of the early 1930's. The weakness was obscured by the official publication of huge crop figures based on the so-called "biological," or preharvest, yields, which did not take into account the heavy losses incurred as the crops moved from fields to warehouses. Parenthetically, this peculiar crop estimating practice was abandoned by Stalin's successors, but no firm production figures have as yet been published.

The weakest link in Soviet agricultural economy, however, is animay husbandry. In January 1953 numbers of most livestock were below the precollectivization level and productivity of animals was low—this, in contrast to the large increase in human population.

Concessions Again

Stalin's heirs deemed it imperative to remedy the weakness of Russian agriculture, especially in view of the rapid growth of the urban industrial population, which the Soviet state must feed.

Consequently, in the summer of 1953 Stalin's successors announced concessions to the peasants as their late master had done when he was confronted with a similar, though more difficult, situation 20 years earlier.

The monetary agricultural tax was reduced and simplified. Compulsory deliveries of most agricultural products at very low prices were decreased and replaced by state purchases at higher prices, though not at what competitive free market prices would be. More regular payments to collective farmers throughout the year (rather than distribution at the end of the season) were sanctioned. Private livestock raising was again encouraged and the whole official attitude toward the small private farming of members of collectives became more benevolent. Perhaps more important in the long run, from the standpoint of offering increased economic incentive to the farmers without increasing inflationary pressures, was the new accent on increased production of consumer goods, which was evident during the first 2 post-Stalin years, while Malenkov played a leading role in the Kremlin. The grip of Lysenkoism on Soviet agricultural science was relaxed and contacts with the West were resumed. Decentralization of planning was decreed. And agricultural investment in machinery, fertilizer, etc., was stepped up.

It is important to bear in mind, however, that in all these reforms the basic structure of collective agriculture, including the supercollectives, remained unaltered. In fact, the party and state control over collective farming was strengthened through the enhanced management and supervisory role of the Machine-Tractor Stations and the assignment of thousands of party workers to key positions in the MTS and collectives.

Policy Tightened

With the ascendancy of Khrushchev and downgrading of Malenkov early in 1955, a certain tightening of Soviet agrarian policy has become once more discernible, though it may be less sharp, more gradual and selective. This has been most evident, as always, in the Kremlin's changed attitude toward small private farming.

In March 1956 the basic collective farm charter was revised. In many cases the size of the peasants' little personal plots and the number of livestock they could own were reduced. A later decree used the weapon of taxation and compulsory deliveries at low fixed prices to have the increased numbers of cattle privately owned by urban population transferred to the collectives.

It would seem that the period of moderation of Soviet policy toward the peasant, which began in 1953, has again come to an end. Thus we have a recapitulation of the pendulous pattern of Soviet agrarian policy. The usual official justification—that the peasants must look primarily to increased returns from the collective farm economy for their economic welfare—is given for the new hardening of the agrarian policy.

The peasants, no doubt, have benefited from the increased prices

(Continued on page 21)

What's Been Happening IN LATIN AMERICA

By KATHRYN H. WYLIE
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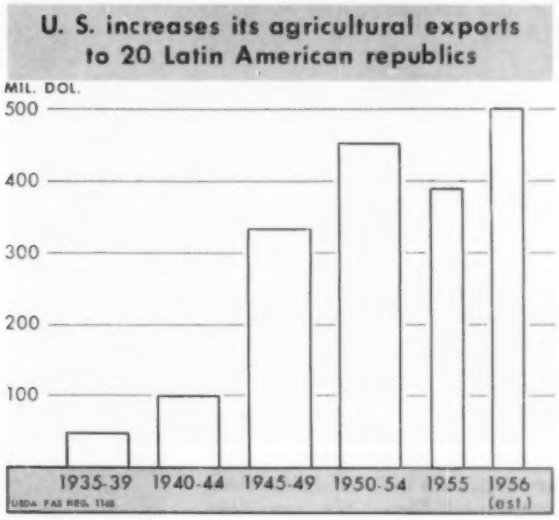


THE BEGINNING OF 1957 sees Latin America in the midst of a tremendous expansion in agricultural production and trade. In the area as a whole (excluding Argentina), the rise in agricultural output since prewar amounts to nearly two-thirds. This increase equals the exceptional achievement of Western Asia, and on a per capita basis even exceeds it. Latin America is our biggest source of agricultural imports; and though behind Europe and Asia as a taker of our agricultural goods, it is one of our fastest growing markets.

Production Mounts

In Latin America, as elsewhere in the world, farm production has been influenced by world events as well as by political and economic conditions at home. At the end of World War II, for example, hungry people around the globe looked to the surplus areas for bread, sugar, and meat, and found large supplies of these foods in countries like Argentina, Uruguay, Brazil, and Cuba. On the other hand, some Latin American countries were short of these same foods, and had to compete for available world supplies.

Shortly after the war, government policy in Argentina began to favor industry over agriculture, and farm output in that country began to decline. The deficit countries, however, encouraged farmers to plant more acreage and to intensify production on the acres already planted.

By 1950, total output in Latin America was almost a fifth higher than in 1935-39, and output excluding Argentina's, a third higher. As Argentina has gradually reversed its agricultural policies, production has begun to expand there also, although not so rapidly as in the northern countries. Mexico, for example, formerly an importer of sugar and wheat, now is self-sufficient in wheat and has more sugar than it needs. The Dominican Republic, Colombia, and Panama, all net importers of rice just after the war, now grow all their requirements. Mexico and several countries of Central America have increased their production of cotton and now compete with us in the world market.

During the 20 years since 1937, Latin America has maintained or strengthened its share of world production for many crops, even though the world totals have been rising. Wheat, cotton, rice, tobacco, cacao, and sugar are examples. A few notable exceptions include corn, coffee, and bananas; but Latin America still produces four-fifths of the world's coffee and bananas and almost 12 percent of its corn. A moderate flattening-out of the upward production trend in the past 2 or 3 years indicates that the impetus toward even larger crops in the northern area of Latin America may be losing some of its force. The reversal of policies in Argentina, on the other hand, is likely to result in that country's rebuilding its farm productivity over the next 5 to 10 years. So total agricultural output in Latin America may be expected to continue its upward climb.

Trade Grows Too

Total Latin American trade has gone up 375 percent dollarwise in the past 20 years, with the United States sharing on both the import and export sides. Much of the increase in export value has resulted from higher prices, however, rather than greater volume of goods moved. Most of this export trade was in agricultural products, and part of these were products that compete with ours, such as cotton, wheat, and corn. Largely because of reduced crops in Argentina, Latin America's share of the world export market in wheat dropped somewhat during the period, and its share of the export market for corn was cut almost in half. For cotton, on the other hand, its share doubled from prewar, and for meat its share, after only a slight decrease, now amounts to more than half of the world total.

W. R. Grace and Co.

Left, Sugarcane in Cuba; right, Central American coffee. We are Latin America's best market for sugar and coffee and one of its best suppliers of agricultural products.

The United States is by far the principal market for Latin America's coffee, bananas, cacao, and sugar. It buys, too, exotic Latin American products like rotenone, pyrethrum, babassu, carnauba wax, rubber, and Brazil nuts.

U.S. Farmers Benefit

Latin America's exports paid for more imports by volume as well as by value in the 20 years. Although most of the imports were industrial commodities, agriculture shared in the total rise. This strengthening of import demand came about despite the sometimes feverish drive for self-sufficiency in food and fiber to care for a zooming population. The presence of 56 million more Latin Americans, plus the advance that industrialization has brought in consumption levels, means that the area needs additional supplies from outside. Chief among these agricultural imports have been wheat and flour, fats and oils, dairy products, and processed foods.

The United States is the principal supplier of Latin America's imports—agricultural as well as industrial. Over the past 20 years the dollar value of our agricultural exports to the 20 Latin American Republics has multiplied over tenfold, from $46 million before the war to a peak of $560 million in 1952. Despite some decline from this peak, the trend is again upward, and total exports for 1956 are expected to exceed the $500-million mark.

The value of our agricultural exports to Latin American countries is much less than the value of the agricultural products they send us. Nevertheless, the market has grown rapidly in the 20-year period, and is particularly important for certain of our export items. In 1954-55, for example, Venezuela alone took almost 80 percent of our exports of dried whole milk; Cuba was our principal market for lard and our second for rice; Latin America as a whole took more than 90 percent of our exports of fresh eggs, bacon, and ham. It was our principal world market too for several other products, including wheat flour, oatmeal, hops, malt, cottonseed, and edible tallow.

On the whole, the northern areas are the principal markets for our agriculture, although trade patterns have shifted somewhat these past few years. Usually Cuba, Mexico, Venezuela, and Colombia are the four biggest takers of our farm products. In 1955 these countries took 65 percent of our exports to the area. Colombia is suffering from balance-of-payments difficulties and has recently curtailed imports still further in an effort to conserve dollar exchange. The other three countries, however, have freely convertible currencies and healthy economies. Mexico is augmenting its output of products it used to import, so that the United States is losing a market for wheat. But the Mexican economy is in high gear, and rising per capita consumption may result in higher import demand for a growing list of agricultural products. Venezuela gets half of its food imports from the United States. It continues in a deficit position for powdered whole milk, wheat or wheat flour, eggs, malted barley, oatmeal, and fruits—fresh, dried, and canned. Cuba will continue to need rice, wheat and flour, lard and dairy products.

Several Latin American countries have been short of dollars, and have channeled their dwindling dollar supplies to buy heavy goods for industrial expansion. This has helped to slow down their imports of agricultural commodities below what they would otherwise be. Besides Colombia, countries suffering from balance-of-payment difficulties include Brazil, Argentina, Chile, Paraguay, Uruguay, and Bolivia. Exchange controls, import licensing, and high tariffs have been used to restrict imports into those countries.

By and large, however, economic activity in Latin America is at a high level, and gold and dollar holdings are mounting. In 1955, for example, production of goods

(Continued on page 21)

Twenty Years of Service As An Agricultural Attaché

By PAUL G. MINNEMAN
U.S. Agricultural Attache, Paris

THE GREAT HISTORICAL changes that have packed the past 20 years have been reflected in the work of the agricultural attachés; for every attaché must tailor his job to the demands of the times.

For me these years have brought six foreign assignments with as many kinds of surroundings—the fogs of London, the hurricanes of Havana, the mountains of Switzerland, the sunshine of Spain, the 8,000-foot elevation of Mexico City, and now the chestnut-lined boulevards of busy Paris. Of my assignments, only one was in an English-speaking country; in three countries I had to perfect my Spanish, in another my German, and now I must relearn my long-forgotten French.

At each new post one of the attaché's first jobs is to know the country. For me this has involved many modes of travel: dugout canoes, horseback, sugar-mill field railways, coastal boats, autos, and private planes.

The work of the agricultural attaché has changed during the past 20 years. In 1937 there were attachés only in London, Paris, Berlin, Belgrade, and Buenos Aires. Each of these had to cover whole regions, instead of limiting his work to one country as most attachés do today. He was expected to collect and disseminate information on all aspects of agriculture, but his principal job was to report on the competition and demand for U.S. agricultural products. Even then he was, in fact, the eyes and ears of the U.S. Department of Agriculture.

Dr. Minneman.

Until 1939 all the agricultural attachés were employed directly by USDA. In that year they, as well as the commercial attachés, were transferred to and combined with the Foreign Service of the Department of State. This arrangement continued until 1954, when Congress transferred the agricultural attachés back to the Department of Agriculture where they were 20 years ago.

Before the war foreign trade moved more freely. In that period of relative stability most of an attaché's work was studying and reporting on the market outlets for U.S. exports. The war changed this. Soon we were faced with an economy of scarcities; the attaché had to give much of his attention to maintaining adequate supplies of food and fibers for the United States and its allies. In Cuba at that time, I helped to contract the purchase of scarce supplies such as sugar and henequen fiber, and, on the other hand, helped allocate such scarce items as fertilizer, insecticides, and tractors, needed for agricultural production. After the war the pendulum swung back to the problem of finding outlets for our war-expanded production. During the Korean War, however, the situation again became one of scarcities. Now we are back to the original problem of finding markets for our surpluses.

Some people wonder why an agricultural specialist should be in our diplomatic service at all. Some wrongly assume that his work includes such activities as distributing free seed or trying to tell people in foreign countries how to grow better wheat or corn. They expect him to know what to do for their withering geranium, or what spray to put on the rose bushes. Returning U.S. tourists expect him to tell them what procedures they must follow to take back dogs, parrots, seeds, rose plants, or orchids. In fact, he is expected to be a walking encyclopedia. But, much as he would like to be able to provide the answer in every field, he has more important work to do.

What does your agricultural attaché do today? He is the resident representative abroad of U.S. agricultural producers and consumers. This means that he must develop and maintain contact, on a personal basis as well as an official basis, with the leading citizens, officials, and businessmen of the area to which he is assigned. Mostly he deals with economic problems. His emphasis depends on the times and on the country where he is stationed, but the following usually are his most important jobs:

(1) Agricultural reporting and market analysis; (2) trade promo-

tion and market development; (3) participating in negotiations with foreign governments; and (4) other duties, such as advising the Ambassador, assisting official visitors and traders, explaining U.S. agricultural programs and policies, trying to reduce trade barriers, and reporting dangerous insect infestations and outbreaks of epidemics like foot-and-mouth disease.

Reporting

Reporting is still one of the attaché's most important jobs. He keeps a close watch on local developments. For a long list of agricultural products that are important U.S. exports, he prepares market analyses and forecasts on production, consumption, imports, exports, stocks, prices, and the market outlook. Similar reports from attachés in all the other major countries in the world make USDA the agency with the world's best and most current information on agricultural conditions and foreign markets. Other countries look to Washington for reliable data, and not uncommonly the local governments and traders ask the agricultural attaché for information about their own country.

Sometimes, an attaché has nothing unusual to report, but sometimes he has news that foreshadows developments of tremendous importance to U.S. farmers and the U.S. Government. Here are some such pieces of news reported to the Department during my years as an attaché:

- A change in the British tobacco tariff, in favor of imports from Empire countries. This foretold a loss in the principal export market for U.S. tobacco.
- Increased plantings of sugarcane in Cuba during the war. This meant that the United States could increase allocations of scarce sugar not only to its own consumers but to its allies.
- The building of new irrigation dams in the arid areas of Mexico. This foretold the increased plantings of wheat and cotton that have made Mexico independent of wheat imports from the United States and turned it into a much more important competitor for the world's cotton export markets.
- Lower prices for cotton from competing countries in 1955—sharply lower than our supported prices. This foretold that French spinners would practically stop buying U.S cotton, for which they had been spending about $90 million a year.
- Severe cold weather in France in February 1956, then wet weather at harvesttime. The resultant crop losses changed France from an exporter of 100 million bushels of wheat to a net importer of about 70 million bushels in 1956-57.

Trade Promotion

Many people come to the attaché's office or write to find out the possibilities for selling their products. What are the prevailing prices? How high is the import duty? What import licenses or quotas exist? Who are the principal importers and who are our competitors? The attaché constantly puts exporters in touch with importers and gives both sides the information they need to operate effectively. This requires getting acquainted with the importers and government officials to explain U.S. qualities and prices and perhaps provide samples. When a drought caused a shortage of beans and corn in Mexico, the attaché was able to give importers prompt help that resulted in sharply increased U.S. exports.

Settling trade disputes—without losing customers—is also an aspect of trade promotion. The attaché can frequently help clear up disagreements that arise between importers and exporters as to price, quality, or time of shipment. High quality must be maintained if U.S. agricultural products are to enjoy a good reputation abroad. Sometimes spoilage of eggs, fruit, and seed may be due to unavoidable causes or delays en route, but, regardless of the cause, the attaché must try to remedy the situation.

Foreign Negotiations

As the representative of the Department of Agriculture, the attaché helps to negotiate very important government agreements. During the war attachés assisted in the purchase of millions of dollars worth of sugar and other items needed for the United States and its allies. Now the attaché in each participating country may be the quarterback of the team responsible for negotiating agreements that are selling hundreds of millions of dollars worth of cotton, wheat, rice, tobacco, butter, and vegetable oils under the provision of Public Law 480 and the Mutual Security Act. In the "P.L. 480" sales, the above-normal quantities are paid for in the currency of the importing country. Part of these funds may be used for programs to develop an increased market for agricultural products; this also involves negotiating agreements with local governments and with agencies to carry out the work.

Other Duties

The attaché must advise the Ambassador and other U.S. representatives abroad as to our agricultural policies and programs. He works as part of a team under the leadership of the Ambassador, to eliminate the roadblocks that obstruct trade, such as quotas, import licenses, and high import duties.

Many U.S. visitors, including Government specialists, university people, and private traders, look to the attaché's office as a sort of home away from home. They want information on the general economic situation of the country. They ask whom they should talk to about their individual interests. They also bring with them many housekeeping problems such as hotel reservations, transportation, interpreters, and mail. The agricultural attaché helps them plan their itineraries and make their programs.

Many U.S. students go abroad every year; many foreign students

(Continued on page 21)

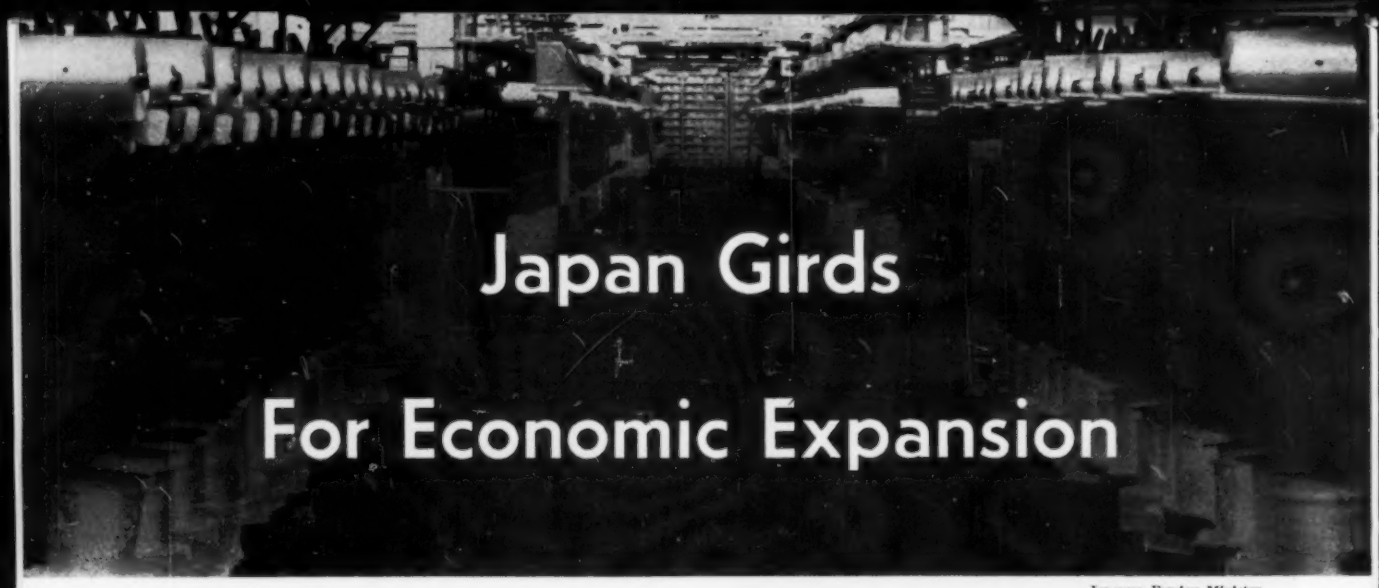
Picking cotton in Mexico. In the last 20 years Mexico has upped cotton production over five times. Exports have increased even more, making this Latin American country the United States' chief cotton competitor.

Harvesting wheat in France. Formerly an importer of wheat, France, in the postwar years, rose to fifth place among the world's wheat exporters. After a slump in 1956, France is now regaining this position.

Four Big *U. S. Competitors* In the World Market

Manchurian farmer hand-cutting soybeans. Though the United States now ranks as the world's leading soybean exporter, Communist China is rebuilding its soybean trade and competing with the United States in world markets.

Flue-cured tobacco in Southern Rhodesia. Since World War II, the Federation of Rhodesia and Nyasaland has become second largest exporter of flue-cured leaf, partly displacing U.S. leaf in the United Kingdom.



Japan Girds For Economic Expansion

Japanese Foreign Ministry

By R. H. KIRBY
Far East Analysis Branch
Foreign Agricultural Service

AMONG THE MANY CHANGES in world trade patterns during the past 20 years, those that have taken place in Japan are of high interest to U.S. agriculture.

Midway in the period, at the end of World War II, the direction of Japanese trade began to shift—away from Asia, especially Northeast Asia, and toward the West. And the composition of the trade has shifted too. During the past few years agricultural commodities have made up more than half of Japan's imports; and the export emphasis has changed from light industry to chemicals and heavy industry. U.S. agricultural producers, for whom Japan has become a valued market, will do well to watch the progress of industrial development in Japan; for market prospects are always best, of course, where people have money to spend.

Importance of Industrialization

Through industrialization Japan has already achieved the highest per capita income in the Far East—just over $200 in 1955. Increased employment in industry and improvement in technology point toward still higher per capita incomes and better market prospects in Japan.

But much of Japan's industrial plant depends on imported raw materials. In addition, 20 percent of its food requirements must be imported. As industry expands to accommodate each year's additions to the labor force and to make possible greater production per worker, Japan will require still larger imports of food and industrial raw materials, including those produced by agriculture. Thus U.S. farmers have a direct interest in the conditions of Japanese industry.

Trade Direction Shifts

Before the war Japan looked to Asia for nearly 70 percent of its export markets, and bought there more than half of its imports. But for the 5 years 1950-54, trade with Asia accounted for only half of Japan's exports and less than one-third of its imports.

Other areas of the world, especially the Western Hemisphere, have made up the difference. Japan's exports to North and South America increased from 17 percent of the total in 1935-39 to 27 percent in 1950-54; its imports from the Americas increased from 30 percent to 50 percent.

Japan's trade emphasis in Asia has shifted toward the countries of the south and southeast. In the prewar period about three-fourths of the Asian trade was with the north—Korea, Formosa, and Mainland China; today only 17 percent is with these areas. The war stripped Japan of its control over the trade of Korea and Formosa, and embargo limits its trade with Communist China.

The change in trade direction is traceable also to population growth, which has helped make the Far East a food-deficit area since the war. This means that Asian countries now furnish only 70 percent of the rice Japan imports—and Japan now imports much less rice than prewar. Instead, it has sharply increased its imports of wheat and barley, largely from the United States, Canada, and Australia. In addition, the United States has replaced China as Japan's major source of soybeans.

Trade Composition Shifts Too

In Japanese export trade, emphasis has shifted from the products of light industry to chemicals and the products of heavy industry. This shift reflects changes in the pattern of world demand, traceable in large part to recent industrial progress in many underdeveloped countries. Metals, machinery, and chemicals now constitute one-third of all Japanese exports compared to 6 percent prewar. However, Japan has not been a low-cost producer in these fields. The Japanese recognize that they must modernize production techniques in these industries to compete effectively in world markets.

Japan: Principal agricultural imports, 1955 and estimated 1963

Commodity	Unit	Quantity 1955	Quantity 1963	Value 1955	Value 1963
				1,000 dollars	*1,000 dollars*
Rice	1,000 m.t.	1,298	1,020	201,765	153,000
Wheat	do	2,233	2,565	167,557	197,500
Barley	do	684	412	46,379	27,604
Sugar	do	1,160	1,430	123,038	154,154
Soybeans	do	770	830	96,772	107,900
Wool	1,000 bales	762	953	170,384	219,190
Raw cotton	do	2,074	2,522	356,457	428,740
Total	—	—	—	1,162,352	1,288,088
Other	—	—	—	1,424,178	2,390,280
Total	—	—	—	2,586,530	3,678,368

Plans for the Future

Japan's government officials have done some long-range thinking about the direction the Japanese economy should take. This thinking is reflected in a new series of estimates compiled by the Ministry of International Trade and Industry, covering the demand and supply of major raw materials for the Japanese fiscal years 1956 through 1963, and including estimates of exports and imports by broad categories. These new estimates constitute, in effect, a revision and extension of the Economic Plan previously adopted for the fiscal years 1956-60.

In the new Plan a rather general expansion of Japanese industry is indicated. Output of fuels—electric power, petroleum, and others—is expected to show a marked increase; so are imports of coal and oil, especially crude oil. Imports of iron ore and output of pig iron are both expected to more than double. Various other metals and metal products are scheduled for sharp production increases, as is output of certain chemicals. Biggest production increases are indicated for synthetic textile materials; but production of cotton yarn is expected to continue essentially unchanged.

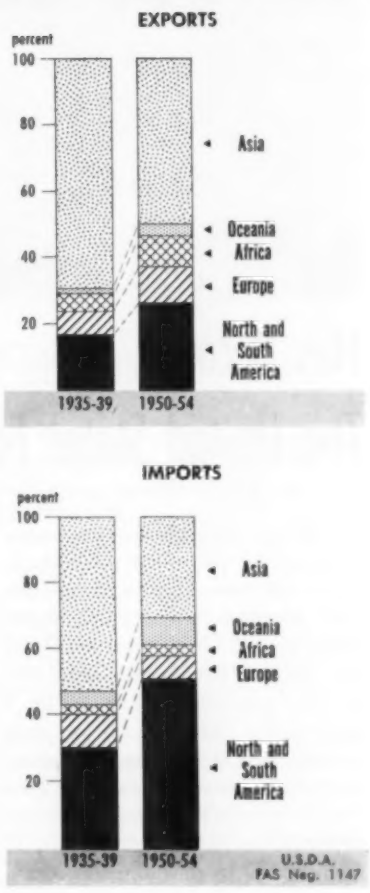
With these general production increases Japan anticipates a significant expansion in foreign trade —roughly 50 percent. Import increases will be largely in industrial raw materials, for domestic resources are limited. Export increases in exports will be sharpest for rayon yarns and fabrics, chemicals, and machinery and transport equipment.

Cotton will continue to be of major interest to the Japanese economy, but imports of raw cotton will not increase as sharply as those of other raw materials, and exports of cotton yarns and fabrics will show only a slight increase by 1963.

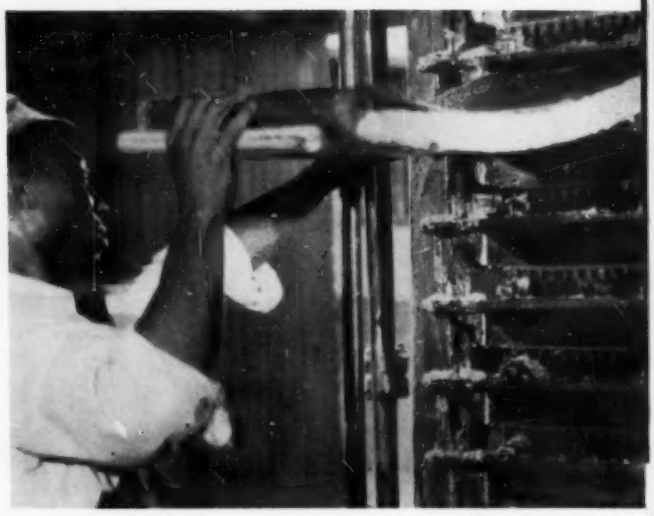
According to the new Plan, imports of rice, wheat, and barley will decline, from the 4,215,000 metric tons of 1955 to 3,997,000 tons in 1963. It is difficult to reconcile this with the fact that the population of Japan is expected to increase about 6 percent by 1963. Food requirements might be expected to increase at least that much —possibly even more, if with higher incomes people could afford to consume more than the present average of 2,100 calories per day. Japanese farmers have already achieved a high level of production, but they have limited resources for expansion. They will do well even to increase output enough to keep pace with population growth. Many observers are convinced that Japanese food-grain imports must inevitably increase.

It may well be argued that for some years to come Japan will represent a growing market for world supplies of basic foodstuffs. And as increasing prosperity enables the Japanese to purchase more of the expensive food items which contribute to dietary improvements, imports of meats, dairy products, fruits, and vegetables may well increase in the future.

Japan's Trade in East-West Shift



The United States has come to enjoy a large share of the Japanese market for agricultural products. We should like to maintain this position. But Japan is faced with certain cold economic facts. To expand its domestic economy, it must import. And, since currencies are not internationally convertible, it must buy its imports from areas where it can best develop promising markets for its own exports. Although in terms of value Japan's present exports to the United States are larger than its exports to any other country, they are far smaller than its imports from the United States. Clearly, the future of the Japanese market for U.S. farm products depends in large degree upon the U.S. market for Japanese exports.



Soybeans—as beans, as oil, and as meal—are a major U.S. export. This hydraulic press has extracted oil from the beans; the cake of meal that is left makes a highly nutritious livestock feed.

The Versatile Soybean Has Become The United States Fourth-Ranking Farm Export

Twenty years ago soybeans were a comparatively minor crop in the United States. Most of them were used for hay or soil enrichment, and only a small part was harvested for beans. Yet in the next two decades soybeans were to become a leading U.S. agricultural product, ranking just below wheat, tobacco, and cotton in dollar export value.

A more versatile plant than the soybean has never been known to science, and its development is one of the agricultural marvels of this century. Its early history is lost in obscurity; ancient Chinese literature, however, reveals that it was extensively cultivated and highly valued as a food centuries before written records were kept. Introduced into Europe in the 1700's and to America in 1804, it had a place only in botanical gardens, where it was regarded as a curiosity rather than a plant of economic importance.

Requiring a hot, moist growing season, the soybean never adapted itself to Europe. And even in the United States, where many areas resemble China in soil and climate, the soybean was slow to take hold. But like many other farm crops, the soybean was projected into world trade by the events of history, the first being the Sino-Japanese War in 1895. Food requirements for Japanese troops in Manchuria led to an increase in soybean production. When the troops were withdrawn, a soybean surplus developed. Then two things happened: Chinese farmers poured into Manchuria as immigration restrictions were eased, and the Japanese, through treaty rights acquired in Manchuria after the Russo-Japanese War, began an extensive export trade with Europe in soybeans and soybean oil.

It was World War II that gave the United States pre-eminence in soybeans, and eventually led to its becoming the world's largest exporter of this commodity. Production had first begun to show some commercial importance after the First World War, and during the 1920's and early 1930's it has climbed steadily. But in 1942 it shot up to a new high, in response to strong wartime demand for domestic sources of fats and oils and oilseed meal.

After the war, U.S. soybean production, instead of declining, continued to mount. China, formerly the world's largest soybean exporter, was entangled in political strife, and its production and trade had fallen off. Europe, just starting its economic recovery, needed fats and oils and animal feed. And Japan—now the biggest customer for U.S. soybeans—was not only cut off from its Manchurian supplies but badly in need of food.

How U.S. soybean production and trade developed in those years is a tribute to U.S. farmers. In 1936, acreage totaled 7.2 million acres, of which 2.4 million were harvested for beans. Total production was 34 million bushels; exports, nil. By 1956, acreage had expanded to 22 million, of which 21 million were harvested for beans. Production reached 457 million bushels; exports are forecast at over 75 million bushels, about 10 million more than the previous year. At the same time, domestic consumption of soybeans and soybean products increased tenfold in this 20-year span.

Greater demand is only partly responsible for this tremendous gain. To scientific research must go much of the credit. Through hybridization and selection the original eight varieties which were brought to the United States have been developed into some 2,500 distinct types. Yields have been increased and area of cultivation extended. But even more important are the many uses to which the bean is now put.

For centuries soybeans, because of their high protein content, have been an important food in the Far East, where they are roasted, boiled, pounded into flour, eaten as sprouts, converted into milk, curds, sauces, and other edible forms. In the United States, however, soybeans won approval first as a legume. Introduced into the Southeastern States—though production now is largely concentrated in the Corn Belt—they were grown for hay, or were plowed back into the soil. Only a small part was harvested for beans, which, in turn, were pressed into oil for use in paints, varnishes, soaps, and other industrial products. The meal, of course, was used as animal feed, as it is today.

What boosted soybeans out of their hay-and-fertilizer status was the development of processing which removed disagreeable flavor from the oil. Immediately there opened up a whole new field—oil for the manufacture of shortenings and margarine. During World War II, when cotton production was cut back, reducing the amount of cottonseed oil available, the production of soybean oil expanded; and, today, shortenings and margarine are the two most important soybean oil products. The soybean meal produced along with the oil is an excellent high protein feed and its use has expanded rapidly.

So adaptable is the soybean that many scientists say only a start has been made in exploring its possible uses. Even so, the list is long. Its meal has adhesive qualities, and thus is used in plywood adhesives, orchard sprays, floor coverings, paper lamination, magazine and wallpaper coatings, and so forth. Its oil contains lecithin, a minor phosphorous compound with emulsifying properties and also nutritive value. And so it is used not only in shortenings and margarine, but in cosmetics, confectionery, and resins, and in vitamin tablets as an absorption aid. The oil's fatty acids are important constituents in soaps, detergents, plasticizers, resins, and paints. And as a food, soybeans as beans or as flour have won recognition in this country.

U.S. soybean exports are not in these derivative products but in beans, oil, and meal. Beans alone rank fifth among U.S. agricultural exports, and all three together have given soybeans fourth place. Japan is the largest market, Europe next—particularly Western Germany. And last year large quantities of oil went to Spain, Greece, and Chile, largely under P.L. 480 programs.

GRAIN SORGHUMS

Rank High As Export Crop

In the last 20 years few U.S. crops have risen so rapidly to become moneymakers in the export market as the humble grain sorghums. Introduced into this country some 80 years ago, the sorghums with their heavy-seeded heads have long been a common sight in the Southwestern States. Only recently have they become an important export commodity. Last year, for example, U.S. exports represented 89 percent of the grain sorghums moving in world trade.

Sorghums are one of the oldest grains known to man. There is evidence that they were grown in Egypt as early as 2,200 B.C., and today they are still one of Africa's principal crops. The first to be introduced into the United States were the saccharine, or sweet, sorghums. Shortly after the first seed was planted, the Civil War broke out, and as sugar became scarce over 6 million gallons of sorghum sirup were consumed.

The nonsaccharine, or grain, sorghums, however, have been the most popular in this country, particularly the Milo and Kaffir varieties. Over large areas of the United States, especially where rainfall is insufficient for corn and other grains, grain sorghums have been grown for livestock feed. But there was one handicap to their large-scale production—the irregularity of the stalks required hand harvesting. Agricultural research eventually solved this problem, and by 1941 sorghums were being cut by combine.

With harvesting made easier, acreage expanded. Then came the war, and afterwards a greater demand for feed grains of all types, as many countries cut back their feed-grain crops in favor of wheat and other foodstuffs and at the same time boosted livestock production. As a result, the United States has emerged as a leading exporter of feed grains, and sorghums are partly responsible. In 1936 the United States exported 4.4 million bushels of grain sorghums. Twenty years later exports had jumped to 62.4 million bushels.

Not only is acreage expanding in the United States, but yields are increasing. Within the last few years a dozen or more new hybrids have been developed, with yields from 20 to 25 per cent higher—as good as the increased yields from hybrid corn, or even better. Also, in the past sorghum production has been limited to the Southwestern States, mainly Texas, Oklahoma, and Kansas, but some of these new varieties will extend the growing area into the east and north.

World War II Made Rice Big Business in the U. S.

Vacuum tubes remove impurities from polished rice at a Louisiana rice mill. The United States now ranks third among the world's rice-exporting countries.

Although the United States has been growing and exporting rice since Colonial times, it took World War II to catapult the United States into a position of the world's third largest rice exporter.

Few crops are so susceptible to the fluctuations of current events as rice. For more than half the world's population it is the chief dietary item. For many countries, especially those in the Far East, it is the basis of their economy. Wars, disruption of trade, and other crises do more than cause shortages; they create emergencies that are long and hard to recover from.

Thus, in World War II when rice supplies from the Asian areas were cut off, the Allied nations appealed to the United States to boost its rice production to meet their needs. U.S. rice growers answered the challenge, and by 1945 had expanded this country's rice crop approximately 50 percent.

But the emergency did not end there. After the war, the Asian rice-growing countries did not have enough rice to feed their people. Fields had been devastated, rice stocks were nonexistent, and labor was short. If people were to be saved from hunger U.S. rice production would have to expand even further. And this it did. Today the United States ranks third, just below Burma and Thailand, whereas before the war it was eighth in line.

This position also has its drawbacks. By 1955 the Asian rice-exporting countries were regaining their prewar levels. Unfortunately very little Asian rice was moving in the international free market. Most of it was subject to government controls, such as government-to-government trade agreements, barter agreements, preferential tariffs, and so forth. The United States was one of the few countries with its rice trade not restricted, and naturally these controls, which lowered rice prices below those of commercial sales, proved to be unsurmountable barriers to U.S. rice exporters.

Other factors also impeded U.S. trade, among them the lower quality of rice being bought, high freight rates on U.S. ships, and the declining prices of other cereals. All of these combined to act against U.S. rice, with the result that at the beginning of 1956, this country had on hand nearly one-fourth of the world's marketable rice and for the first time had carryover stocks larger than those of any other nation. The outlook was anything but bright.

Yet, in spite of everything, 1955-56 (August-July) turned out to be a fairly good year for U.S. rice. Through transactions under Public Law 480 and Section 402 of the Mutual Security Act, the United States in 1954-55 boosted rice exports from 985 million pounds in terms of milled rice to 1,145 million pounds in 1955-56. Approximately half of the rice exports last year resulted from these agreements, which included all the rice sent to Pakistan, Indonesia, Indochina, India, and most of the shipments to Japan. Cuba continued to hold its traditional first place as a market for U.S. rice, with Pakistan second and Japan third.

Prospects for 1956-57 look even better. While the United States was increasing its rice exports last year, so were Burma and, to a lesser degree, some of the other Asian countries. With world rice prices in 1956 at the lowest level since the war, the Asian rice-exporting countries as well as the United States disposed of their old crop carryovers. This means that the world's exportable stocks of carryover rice are the lowest in years, and, consequently, ready markets exist for the 1956 U.S. crop. For with international affairs taking a critical turn in many areas of the world, those countries where rice is the principal food can be expected to buy additional supplies to prevent being caught without sufficient stocks to feed their people.

Soviet Agrarian Policy

(Continued from page 10)

paid to, and the rise in the money income of, the collectives. But the restriction of private farming is likely to pinch a considerable group of peasant farmers.

On the whole the Kremlin appears to be banking more and more on the effectiveness of its new managerial elite, technology, and the vagaries of the weather, rather than on the wooing of the peasants in its drive to expand agricultural production and cut down its cost. This is particularly true in the sparsely settled dry eastern regions with marginal climatic conditions. Here Khrushchev is trying to repeat, with more ample resources, Stalin's unsuccessful experiment of the early 1930's. But the heavy emphasis on grasses in crop rotation of the late Stalin era has been replaced by a wholesale introduction of corn even in many regions where climatic conditions are unsuitable. The aim is to improve the feed supply in order to bolster the weak animal husbandry situation. The next few years should put this policy to the acid test.

Latin America

(Continued from page 12)

and services hit a new high of $18.2 billion (in constant dollars as of 1950)—5 percent more than in 1954, and 25 percent more than in 1935. In 1955, too, the physical volume of exports rose, for the first time in 10 years. As economic development continues and dollar reserves improve, the groundwork will be laid for removing deterrents to trade. Then the United States and Latin America should be able to expand a mutually profitable exchange of goods. Present conditions and future prospects give promise that agricultural production and trade in Latin America will continue the upward trends they have shown for the past 20 years.

India Gets First Load Of Wheat Under New P.L. 480 Agreement

A crowd of interested spectators and a warm official welcome met the first shipload of Oregon wheat to reach India under the new Public Law 480 agreement with the United States. Here, some of the wheat is being inspected by Union Deputy Minister M. V. Krishnappa, second from left; Bombay State's Chief Minister Y. B. Chavan, center, with Consul General W. T. Turner behind him and F. P. Bartlett, U.S. Charge d'Affaires at New Delhi, to right of him; and J. P. Hartman, Assistant Agricultural Attache, far right, behind.

Wheat accounts for $200 million of the U.S. farm commodities to be shipped over the 3-year period of the agreement. Other items are cotton, rice, tobacco, and dairy products. Payment, in rupees, will be spent in India—part for market development and payment of local U.S. obligations, and part as a loan to India for economic development purposes.

A picturesque ceremony greeted the wheat in Bombay, November 16. From the S.S. *Nico* a crane swung three huge bags of wheat directly into the doorway of the reception room, as 15 girls in white saris sang the Indian national anthem. Wrote a member of the U.S. delegation, "The air was clear and balmy; the room was filled with flags and flowers; and the atmosphere was genial and friendly."

Agricultural Attaché

(Continued from page 14)

come to the United States. And every year a number of young U.S. farm people go to many foreign countries under the International Farm Youth Exchange, to live on farms and help develop better understanding among the world's rural communities. These countries in turn send their farm youths to the United States. In such educational exchanges, the attaché can offer guidance based on his knowledge of conditions both at home and in the country of his post.

Today your agricultural attachés are not only the eyes and ears but often the voice and arms of the Department of Agriculture and of U.S. farmers, reaching out from 56 posts into 107 countries throughout the world. Basically they look after the market for U.S. agricultural products, which this fiscal year is expected to exceed $4 billion. They funnel back information on markets from all over the world and disseminate throughout the world information that makes for a better understanding of U.S. agricultural policies and programs.

WILLIAM R. HATCH, Agricultural Attaché in Iran, and two members of his staff (Jalil Mahmoudi, Economic Assistant, at left, and Seda Hovnanian, Administrative Assistant, center) examine a can from the first shipment of butter ghee to reach Iran under the P.L. 480 agreement.

Before the negotiations for this agreement, Iran prohibited imports of butter fat in any form. Now, it allows butter-fat importations duty free. The U.S. product is said to have been well received.

U. S. Exports of Soybeans Reach All-Time High

The United States sold a record quantity of soybeans, soybean oil, and soybean cake and meal during 1955-56 (October-September).

Soybean shipments of 66.8 million bushels exceeded the previous record (1954-55) by over 6 million bushels. Sales to Europe increased 7 million bushels, with Germany taking 4.5 million more than the previous year, and the Netherlands almost 2 million more. Exports to Canada, a major U.S. market, were up 700,000 bushels. And Japan continued to be the major buyer, taking almost one-third of the total U.S. exports.

Exports of soybean oil were 17 percent larger than the previous record volume shipped in 1950-51 and 11 times that of 1954-55. A shortage of olive oil in Spain, resulting from 2 consecutive years of below-average olive crops and increasing consumption needs, prompted heavy sales to that country and accounted for a large part of the increase. Greece and Italy, also suffering from olive oil shortages, sharply increased their takings; and French Morocco and Canada imported a record volume.

Soybean cake and meal exports exceeded the previous record (1954-55) by almost 50 percent. The sharp expansion was primarily because of the unprecedented quantity sent to other North American countries—mainly Canada, which accounted for almost half the total U.S. exports. Nearly 40 percent of the total went to Europe, mostly to Italy, Belgium-Luxembourg, Norway, and Denmark.

Time and Trade

(Continued from page 5)

recognition of the fact that good neighbors and good customers are found in advancing, prosperous countries, and that there should be maximum opportunity for countries to do business with one another.

The United States has subscribed to the tenets of mutual progress in a number of ways:

Since 1934, we have been leaders in the Reciprocal Trade Agreements Program. This program reversed a long trend of increasing barriers to world trade. While trade today is still hemmed in by far too many barriers, the fact remains that the mutual reduction of trade impediments through the trade agreements program has had a healthful and invigorating effect on world trade, including our own agricultural trade.

In more recent years, we have subscribed to and have been leaders in the concept of international economic development and technical assistance programs. The assistance given by the United States in the postwar reconstruction of Western Europe not only swung the political balance toward the Free World, but set in motion the high-level economic activity that today makes the area a great and varied market for American farm products. Programs in other areas have provided similar stimulation.

Economic development and technical assistance activity is going forward today in the Middle East, the Far East, and Latin America. U.S. activity has been added to by programs of the United Nations, the U.N. Food and Agriculture Organization, and the Colombo Plan. Technical assistance and a part of the economic development activities have been focused primarily on agriculture. These activities have to some extent brought increased competition with U.S. farm products in world markets. But at the same time, they have been helpful in expanding markets within recipient countries.

The new concept of mutual help also extends into the field of credit. The International Bank for Reconstruction and Development, commonly called the World Bank, is but 10 years old, yet its lending activities to finance foreign economic development already are substantial. Of special interest to American agriculture are the somewhat related credit programs of the U.S. Government, under the Export-Import Bank and the Commodity Credit Corporation, to help finance exports of U.S. farm products.

TRADING POST

Less Coffee Produced For Export This Year

Exportable production of coffee throughout the world during the 1956-57 marketing season will be 7 million bags less than the 1955-56 season. The major decline took place in Brazil, where adverse weather conditions substantially reduced the harvest. The other coffee-producing countries of the world—with minor exceptions—have maintained or increased their level of production this season.

Egyptian Cotton Steady Despite Reduced Acreage

An official estimate of Egypt's cotton production for 1956-57 shows 1.5 million bales (500 pounds gross), approximately the same as last year's crop. Cotton acreage was down 9 percent because of restrictions limiting farmers to planting not more than one-third of their land to cotton. The production level continued stable, even despite the decline in area, because of increased yields per acre.

South Africa Stops Imports of Wheat

The Union of South Africa will discontinue wheat imports during the 1956-57 marketing season (November-October) and may find it necessary to seek export outlets for surpluses in future years if the present level of production is maintained. During the 5-year period ending 1954, imports, mostly from Canada and the United States, ranged from 6 to 10 million bushels.

Favorable government price supports and programs to develop self-sufficiency in wheat production have pushed output from an average of 16 million bushels in 1935-39 to 29 million bushels during the 1955-56 season. The 1956-57 crop is currently estimated at 31.9 million bushels with a possibility that production may exceed 33 million.

Free Trading in Grains Authorized by Argentina

Argentina will permit free trading in oats, barley, rye, and flaxseed beginning with the 1956 crop. Sunflower seed is already enjoying this freedom. It is expected that similar action will be taken for wheat and corn before the 1957 harvest.

The Ministry of Commerce and Industry will establish export quotas for these crops and their products when necessary to maintain adequate supplies for domestic consumption, and the National Grain Board will intervene in the trading operation when necessary to maintain specified minimum price levels.

India Will Buy U. S. Cotton

India is now issuing licenses to import U.S. cotton stapling $1\frac{1}{16}$ inches and above as part of the $360.1 million P.L. 480 agreement. Shipments started in January and will continue through July. Importing is done through normal trade channels at a fixed exchange rate of 478.2 rupees per U.S. $100.

The Indian Government will be responsible for any differences between the actual price and the price determined at the fixed exchange rate.

Prospects Bright For U. S. Cotton Exports

U.S. cotton exports for 1956-57 are expected to total 6.5 million bales (500 pounds gross weight), a sharp increase over last year's low of 2.3 million bales, and probably the largest since 1933-34, when exports totaled 7.5 million.

Continued strong demand for U.S. cotton by foreign importers and mills, particularly in Western Europe, is reflected in purchases of large quantities for import in 1956-57. Prices for most qualities of foreign cotton have increased about 2 cents, or 7 percent per pound, and premiums for highest qualities of Upland type have increased nearly 40 percent since September.

Turkey Moves To Control Tobacco Export Prices

Turkish tobacco exports, beginning with the 1956-57 season, will be influenced by an addition to the basic decree No. 14 of 1937. Under the addition, the Union of Turkish Tobacco Exporters will control export prices. This is an effort to combat inflation by protecting the value of Turkish currency in world markets. No export licenses will be issued unless the export price is set or approved by this Union.

Guatemalan Milk Plant To Start Operations

A new milk-drying plant in the Asunción Mita Valley of Guatemala is expected to be operating within several months. Construction and equipment costs are reported at $850,000. The Government of Guatemala will pay $600,000 and UNICEF (the United Nations International Children's Emergency Fund) will finance the remainder of the costs.

The plant will have an 80,000-pound daily intake capacity. Dried milk output is destined for infant feeding programs through the Ministry of Public Health.

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World Rice Imports May Reach Postwar Record

The world is buying more rice this year. Indonesia, India, Hong Kong, Cuba, and West Germany—all large importers—are taking greater quantities. Imports also appear to have increased in many lesser importing countries. Moreover, Pakistan, a sizable exporter in 1955, is importing a heavy volume. Total world imports are expected to reach a postwar record.

U. K.–Australia Plan New Trade Pact

The United Kingdom and Australia are negotiating a new trade agreement, which would reflect significant changes in Commonwealth trade policy, to replace the Ottawa pact of 1932.

The new agreement will provide for binding preferential rates on Australian produce and establish the mechanism for consultation between the two governments on broad trade issues. And in addition, it will carry a provision permitting Australia to narrow the margin of the tariff preference enjoyed by the United Kingdom under the Ottawa agreement.

The section relating to the terms of sale of Australian wheat—a minimum quota of 28 million bushels of wheat and wheat flour (in terms of grain) to be shipped to the United Kingdom each year over a 5-year period—is probably of greatest importance to U.S. agriculture.

U. S. Onions Go To West Germany

West Germany announced on Nov. 20 that licenses will be issued for importing U.S. onions. Applications may be submitted by importers up to May 15, 1957, with customs clearance up to May 31.

Australia May Export Less Meat This Year

Australian meat exports are expected to decline in the new few months.

Cattle producers in Queensland —source of most Australian export beef—are striving to build up herds. Also, many cattle are moving into southern Australia to be used for breeding or domestic consumption. Most slaughterers and freezers are operating at reduced capacity.

Mutton exports are down almost 15 percent from 1955 as the price of wool is discouraging slaughter.

India Increasing Dairy Purchases

India's dairy imports increased 35 percent in value during the 1955-56 fiscal year, and indications are that they will continue upward during the 1956-57 import year. In the first 4 months, purchases of ghee and dry whole milk were above last year, while purchases of other dairy products kept pace with last year.

The United States ships large qantities of nonfat dry milk and butter oil to India under various government programs; such shipments are largely responsible for the increased dairy imports.

Brazil's Import Control System Extended

The present Brazilian import control system is being continued through June 1957. During this period the Brazilian Administration plans to prepare and present to the congress a draft bill providing for basic changes in the import-exchange controls, substituting fixed surcharges for the present auction system.